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Improving the financial situation of the United Nations

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Report of the Secretary-General

Summary

The present report reviews the financial situation of the United Nations as at 5 October 2012 and provides an update to the information presented in the previous report of the Secretary-General (A/66/521/Add.1).

The report discusses the financial strength of the Organization on the basis of four main financial indicators: assessments issued, unpaid assessments, available cash resources, and the Organization's outstanding payments to Member States.

Overall financial indicators for 2012 are generally sound, with increases in the number of Member States meeting their obligations in full, decreases in unpaid assessments across all categories except the international tribunals, and some improvement in the level of outstanding payments to Member States. Cash balances will be positive for peacekeeping operations, the international tribunals and the capital master plan at year-end. The regular budget is expected to face cash pressure in the final months of the year, and the final outcome will depend in large part on incoming contributions.

In spite of the notable increase in the number of Member States that have paid their obligations to the Organization in full, a significant amount of assessments still remains unpaid. The financial health of the Organization continues to depend on Member States meeting their financial obligations in full and on time.

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I. Introduction

1. The present report updates the information on the financial situation of the United Nations presented to the General Assembly by the Secretary-General in his previous report (A/66/521/Add.1). It reviews the financial indicators as at 5 October 2012 and provides revised projections for the end of 2012.

2. In the present report, the financial situation of the United Nations is considered on the basis of four main financial indicators that have been used to measure the strength of the Organization: assessments issued, unpaid assessments, available cash resources, and the Organization's outstanding payments to Member States.

II. Review of the financial situation as at 5 October 2012

3. The financial situation as at 5 October 2012 reflects decreases in the level of assessments for the regular budget (from $2,415 million at 31 December 2011 to $2,412 million at 5 October 2012), peacekeeping operations (from $8,651 million at 31 December 2011 to $4,644 million at 5 October 2012) and international tribunals (from $286 million at 31 December 2011 to $232 million at 5 October 2012). At 31 December 2011, the assessments for the capital master plan had amounted to $341 million. No new assessments were issued for the capital master plan in 2012. As at 5 October 2012, unpaid assessments were higher for the regular budget and international tribunals, and lower for peacekeeping operations and the capital master plan, compared with the end of 2011.

A. Regular budget

4. Assessments for the regular budget for 2012 were lower than those for 2011, by $3 million. Payments received by 5 October 2012 totalled $2 billion, higher by $112 million than the payments received by 5 October 2011. Unpaid assessments at 5 October 2012 were lower by $12 million than unpaid assessments at 5 October 2011, with outstanding amounts of $855 million and $867 million, respectively.

5. As at 5 October 2012, 129 Member States had paid their regular budget assessments in full, two fewer than at 5 October 2011. The Secretary-General wishes to thank the 129 Member States that have honoured their obligations for the regular budget in full and urges the remaining 63 Member States to follow their example.

6. Although the amount of unpaid assessments at 5 October 2012 ($855 million) was lower than last year's outstanding amount ($867 million), it continues to be concentrated, with 96 per cent being owed by 4 Member States and 4 per cent being owed by the remaining 59 Member States. Clearly, the final picture for 2012 will depend in large part on the action taken by those Member States in the coming months.

7. Cash resources for the regular budget comprise the General Fund, to which assessed contributions are paid; the Working Capital Fund, at the level of $150 million set by the General Assembly; and the Special Account. The cash resources available for the regular budget at the end of 2011 and at 5 October 2012 were $94 million and $149 million, respectively, excluding the Working Capital

Fund and the Special Account. With disbursements for the last quarter of the year being projected to amount to approximately $776 million, the regular budget cash position is expected to be tight at year-end. The final situation, however, will clearly depend on the action taken by the Member States referred to earlier.

B. Peacekeeping operations

8. The changing demand for peacekeeping activities makes it difficult to predict financial outcomes. In addition, peacekeeping has a different financial period, running from 1 July to 30 June rather than from 1 January to 31 December; assessments are issued separately for each operation; and, since assessment letters can be issued only until the end of the mandate period approved by the Security Council for each mission, they are issued for different periods throughout the year. All of those factors complicate a comparison between peacekeeping operations and the regular budget.

9. The amount of unpaid assessments for peacekeeping operations at 5 October 2012 was $1.85 billion, reflecting decreases from the outstanding amounts at the end of 2011 and at 5 October 2011, of $775 million and $1.5 billion, respectively. The current level of unpaid assessments is related in part to a lower level of peacekeeping assessments for the 2012/13 fiscal year pending the approval of a new scale of assessments for 2013.

10. Owing to the unpredictable amount and timing of peacekeeping assessments throughout the year, it can be difficult for Member States to keep fully current with them. The Secretary-General therefore wishes to express special gratitude to the 32 Member States that at 11 October 2012 had paid all peacekeeping assessments that were then due and payable. These are Australia, Austria, Burkina Faso, Canada, China, Costa Rica, Côte d'Ivoire, Czech Republic, Denmark, Finland, Germany, Iceland, Ireland, Israel, Kazakhstan, Kenya, Latvia, Libya, Malawi, Monaco, Netherlands, New Zealand, Niger, Norway, Republic of Korea, Republic of Moldova, Russian Federation, Singapore, South Africa, Sweden, Switzerland and United Republic of Tanzania. The number of Member States that had paid their assessments in full at 11 October 2012 was 14 more than at 11 October 2011. With payments received after 11 October 2012, Hungary was added to the list.

11. The amount of cash available for peacekeeping operations as at 5 October 2012 was more than $3.7 billion, with $3.2 billion in the accounts of active missions, $351 million in the accounts of closed missions and $130 million in the Peacekeeping Reserve Fund.

12. As regards outstanding payments to Member States, the total amount owed to Member States at the beginning of October 2012 was $1,062 million. Of this amount, $349 million was owed for troops and formed police units, $550 million for contingent-owned equipment claims for active missions, $86 million for contingent-owned equipment claims for closed missions under the old methodology, $76 million for letters of assist and $1 million for death and disability claims. Following the recent payments made to Member States, as at 16 October 2012, amounts owed for troops and formed police units for active missions were current up to August/September, except those for the United Nations Mission for the Referendum in Western Sahara (MINURSO), the United Nations Peacekeeping Force in Cyprus (UNFICYP) and the United Nations Integrated Mission in Timor-

Leste (UNMIT), owing to insufficient cash availability in the special accounts for those missions. The amounts owed for contingent-owned equipment in the active missions were also current up to August, with the exception of MINURSO, UNFICYP, UNMIT and the United Nations Support Office for the African Union Mission in Somalia, again owing to insufficient cash in the special accounts for those missions. As at 16 October 2012, the actual total outstanding amount owed to Member States had decreased to $424 million from the $1,062 million outstanding at the beginning of October 2012.

13. It might be recalled that in May 2012, the outstanding payments to Member States providing troops, police and equipment to peacekeeping operations were projected at $678 million for year-end (see A/66/521/Add.1). On the basis of revised projections, the amount outstanding at year-end is expected to be approximately $512 million, which is lower than both the amount projected in May and the actual outstanding amount of $529 million recorded at 31 December 2011. The Secretary-General is committed to meeting obligations to Member States providing troops and equipment as expeditiously as possible and, in this regard, wishes to reassure Member States that the peacekeeping cash flow situation is being closely monitored. Although it is a priority to maximize quarterly payments to Member States on the basis of cash availability, the Organization continues to depend on Member States honouring their financial obligations in full and on time, and also on the speedy finalization of memorandums of understanding with troop contributors for the provision of equipment.

C. International tribunals

14. The international tribunals comprise the International Criminal Tribunal for Rwanda, the International Tribunal for the Former Yugoslavia and the newly established International Residual Mechanism for Criminal Tribunals. The unpaid assessments for the international tribunals reflected slightly higher levels at 5 October 2012, with $63 million still outstanding, compared with the outstanding amount of $56 million at 5 October 2011.

15. Nevertheless, as at 5 October 2012, 95 Member States had paid their assessed contributions in full for the International Tribunals for Rwanda and the Former Yugoslavia and the International Residual Mechanism for Criminal Tribunals, which is two more than at 5 October 2011. The Secretary-General wishes to express his appreciation to the 95 Member States that have met their obligations in full and urges other Member States to pay their contributions to the international tribunals in full and on time.

16. The cash resources available for the international tribunals are currently at positive levels. However, the final position will depend on incoming payments from Member States during the final months of 2012.

D. Capital master plan

17. A total of $1.87 billion was assessed under the special account for the capital master plan. In accordance with the arrangements made for the financing of the capital master plan, 180 Member States were under the multi-year payments system and 12 Member States had opted for one-time payment. As at 5 October 2012,

payments made against assessments totalled $1.86 billion, leaving a balance of $4.6 million outstanding. As a result, cash balances for the capital master plan remain solid.

18. As at 5 October 2012, 149 Member States had paid their assessments for the capital master plan in full. The Secretary-General wishes to express his gratitude to those 149 Member States and urges the other Member States to follow their example in order to ensure the timely execution of the project.

III. Conclusions

19. The financial indicators for 2012 are generally sound. The level of outstanding payments to Member States is projected to decrease at year-end. Cash balances will be positive for peacekeeping operations, the international tribunals and the capital master plan. The regular budget is expected to face cash pressure in the final months of the year, although the final outcome for the regular budget will depend on fourth quarter contributions.

20. Unpaid assessments reflect decreases compared with last year across all categories except the international tribunals. The number of Member States meeting their obligations is higher, with 31 Member States having done so as at 11 October 2012, compared with 18 Member States last year.

21. The Secretary-General wishes to pay special tribute to the 31 Member States that had paid all assessments that were due and payable as at 11 October 2012. These are Australia, Austria, Burkina Faso, Canada, China, Costa Rica, Côte d'Ivoire, Czech Republic, Denmark, Finland, Germany, Iceland, Ireland, Israel, Kazakhstan, Kenya, Latvia, Libya, Malawi, Monaco, Netherlands, New Zealand, Niger, Norway, Republic of Korea, Republic of Moldova, Singapore, South Africa, Sweden, Switzerland and United Republic of Tanzania. Payments received after 11 October 2012 resulted in the addition of Hungary to the list.

22. In spite of the notable increase in the number of Member States that have paid their obligations to the Organization in full, a significant amount of assessments still remains unpaid.

23. The financial health of the Organization continues to depend on Member States meeting their financial obligations in full and on time.